Alternative Funding Mechanisms

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LOUISIANA DEPARTMENT OF TRANSPORTATION & DEVELOPMENT

Alternative Funding Mechanisms

- Public Private Partnerships (PPPs or 3Ps)
- Infrastructure Bank
- Tax Increment Financing (TIF) Districts
- Road Transfer Program

Public Private Partnerships

- Private sector builds infrastructure then recovers cost plus profit through fees (tolls, parking charges, government payments, etc.)
- 1997 – authority given to local governments to form toll authorities (Act 1017)
- Very little opportunity for tolls on city streets
- 2001 – Louisiana Transportation Authority (LTA) established within DOTD (Act 1209)
- 2006 – comprehensive PPP legislation enacted (Act 304)

Infrastructure Bank

- A public bank that loans money to public entities for infrastructure projects
- Low borrowing costs; low interest rates
- Must have revenue stream to repay the loan
- Infrastructure bank created in 2015 (Act 431)
- Could be capitalized at $2.1 million annually if oil prices rebound (Act 275)
- 64 parishes, ~300 municipalities, 30+ port authorities, 60+ airport authorities

Tax Increment Financing

- Growth in property tax and/or sales tax revenues within a certain area is used to pay for infrastructure improvements
- Infrastructure could be financed by private sector (PPP) or by government (infrastructure bank or other loan)
- All or portion of growth in property tax and/or sales tax is dedicated to repay private sector or public loan
- Applicable where infrastructure improvements will generate new development or redevelopment

Road Transfer Program

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- DOTD program to transfer state roads to local governments with the money
- Roads are repaired prior to transfer
- Local government is compensated for 40 years of routine and capital maintenance
- Compensation can be used on any public road, bridge, or transit project selected by local government
- 2-lane asphalt road in good condition = $442K
- 4-lane asphalt road in good condition = $661K

Questions?

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